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SUBJECT: PEACE NOW READY FOR DISENGAGEMENT, KEEPING AN EYE
ON THE WEST BANK AND ANALYZING THE 2005 BUDGET

Classified By: Ambassador Daniel C. Kurtzer for reasons 1.4 (b) and (d
).

11. (C) Summary: Yariv Oppenheimer, General Director of Peace Now, told Embassy economic officer on December 14 that his organization "is very excited" about the disengagement plan because it views settlements as a serious obstacle to peace. While the settlers had not yet, at the time of the meeting, become very vocal in their opposition to evacuation, Oppenheimer predicted they will eventually get violent. However, he said, Peace Now will be ready with a campaign to counter the settlers' opposition. In the meantime, the organization continues monitoring settlement and outpost activity, and is preparing to poll settlers on their opinions of disengagement. Oppenheimer also gave econoff Peace Now's preliminary assesment that the draft 2005 budget includes at least NIS 500 million for the settlements. End summary.

Revving Up for Disengagement

12. (C) Yariv Oppenheimer, General Director of Peace Now, told Embassy economic officer on December 14 that his organization is "very excited about the prospect of getting rid of settlements." In his view, building settlements has been the most problematic step Israel has undertaken, and represents an obstacle for peace to move forward. Oppenheimer explained that "the Palestinians have to worry about terror, and we have to worry about settlements." He related that Peace Now has met with the Yahad Party, Shimon Peres and the Labor Party, and signatories to the Geneva Initiative in order to establish the "Majority Coalition." The Coalition wants to mobilize the 75 percent of the Israeli public who support disengagement to push the plan forward. The group will limit its activities to disengagement, and will not deal with refugees or other final status issues. So far the group has organized two major rallies to keep the pro-disengagement momentum going, but, according to Oppenheimer, it has limited its activities because the settlers themselves have not been very vocal thus far and because "the Right is surrendering to Sharon." He predicted, however, that the settlers will resort to violence to dramatize the loss of their homes and thereby to get Israelis on their side. Oppenheimer concluded that Gaza disengagement presents "a very promising future" and that Peace Now will be ready to take more action when it becomes necessary.

Keeping Up with Other Projects

13. (C) With respect to the West Bank, Oppenheimer acknowledged that new settlement and outpost construction has been much lower than he expected in recent months. He said he had expected much more construction as Sharon tried to consolidate his hold on the West Bank. Nevertheless, Peace Now continues its various projects as usual:

Project 1: Monitoring outposts; seeing how many are evacuated and which are expanded.

Project 2: Taking aerial photos every four months to measure growth of settlements and to determine where houses are being built; in conjunction, sending volunteers to do ground surveys to verify the photos. Oppenheimer said a report of settlement activity in 2004 will be issued in January.

Project 3: Tracking housing tenders. Oppenheimer noted there have not been as many this year as in years past but the GOI continues to issue tenders.

Project 4: Preparing a questionnaire to survey settlers' opinions on disengagement. Oppenheimer explained that Peace Now is currently developing the questions with the firm who will do the polling.

Analyzing the Budget

14. (C) According to Oppenheimer, one other project Peace Now has been working on recently is analyzing the draft 2005 budget to determine how much money the GOI will spend next

year to support the settlements. He commented that this has been very difficult because the budget is not broken down into geographic regions and because the Ministry of Defense budget is classified. Nevertheless, Peace Now's preliminary assessment is that the GOI is transferring close to NIS 500 million to the settlements through the Ministries of Agriculture, Housing and Construction, Industry and Trade, and Transportation. Oppenheimer opined that the GOI is currently investing in the territories at about the same rate as in years past, including the Gaza Strip, where it is treating the area "like it is not going to be gone" until disengagement actually begins.

15. (C) According to Peace Now's analysis of the draft budget, the Settlement Department of the Ministry of Agriculture has budgeted NIS 9.409 million to the central areas of the Jordan Valley, Megilot, Samaria, Binyamin and Gush Etzion, and has budgeted NIS 6.892 million to the southern areas of South Har Hebron and Gush Katif. The Agriculture Ministry finances, among other things, maintenance of generators in temporary centers where there is no electricity, connections to the electricity network and investment in infrastructure. Peace Now states that the Department also assists in financing the establishment of new outposts.

16. (C) Oppenheimer said that the Ministry of Housing and Construction has a proposed budget of NIS 36.164 million for Maale Adumim and NIS 73 million for Homat Shmuel (Har Homa) to develop and market these sites; and NIS 90 million for rural building which includes planning, developing, rehabilitating and renovating infrastructure, and financing the establishment of public institutions. Under the proposed 2005 budget, the MOHC would also spend NIS 32 million on security in East Jerusalem, and will provide subsidized credit to purchase apartments worth almost NIS 1,000,000.

17. (C) The Ministry of Industry and Trade has budgeted NIS 13.097 million in grants and benefits for investment in the West Bank and Gaza Strip. The Ministry of Transportation is expected to spend NIS 17 million on the Gilo-Gush Etzion Road, NIS 12 million on the Brokin-Ariel Road 5, and NIS 198 million on Road 45/1 Tsadi Mishor Adumim Road 90. Peace Now notes that the budget for bypass roads is transferred to the Ministry of Defense and therefore there are no further details available on road construction.

18. (C) In addition, Peace Now reports that the Ministries of Interior, Tourism and Education also provide grants and benefits to the settlements because they are part of National Priority Area A, but it did not provide any figures for these ministries.

...And Going to Court

19. (C) Oppenheimer reported that Peace Now has petitioned the High Court to prevent leaders of the settlers' YESHA council from using their municipalities' funds to campaign against the disengagement plan. He argued that settlers should not be using public money for these activities, and he expects a response from the government in the next two weeks.

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KURTZER